

Mindspace Business Parks REIT | BUY



Stable performance; Pocharam asset drags occupancy

Mindspace REIT (Mindspace) reported an in line quarter (3QFY24) as gross leasing came in at 0.45msf. Committed occupancy declined to 86.1% (down 40bps QoQ) on account of c. 0.22msf expiries at Pocharam. Excluding these expiries, committed occupancy would have been c. 87%. The company declared distributions of INR 4.8 per unit in 3QFY24 (INR 14.4 per unit in 9MFY24) which at an annualised run rate would be INR 19.2 per unit. Mindspace has a development pipeline of 4.4msf of which 1.5msf is likely to become operational in FY25E. The management expects occupancy to remain at c. 86% by FY24E despite the 1msf expiry coming up in 4QFY24E. Mindspace continues to have a strong balance sheet as net debt stands at INR 60.1bn with an LTV of 21% providing considerable headroom for future growth. Mindspace has received board approval to divest its Pocharam asset. This marks a positive development as the performance of the asset has been below par in the post Covid period. We maintain 'BUY' and roll forward to a Mar'25 TP of INR 370 (total return potential of 22.4%; 6.8% dividend and 15.6% capital appreciation).

- NOI growth driven by rental escalations:** In 3QFY24, Mindspace reported revenue of INR 6.0bn (+8% YoY; down 5% QoQ; includes regulatory income). Asset revenue came in at INR 5.96bn (+10% YoY; down 1% QoQ). NOI grew to INR 4.7bn (+4% YoY; down 4% QoQ) due to i) healthy leasing across assets, ii) lease rent escalations of 11.4% on 2.4msf since 3QFY23 and iii) growth in rentals due to 13.4% MTM achieved over 1.7msf re-leased since 3QFY23. In-place rentals grew to INR 68psf pm (+5% YoY; +1% QoQ).
- Leasing momentum softens; occupancy to close at c. 86% by FY24E:** Gross leasing stood at 0.45msf (0.41msf of re-leasing + 0.04msf of vacant area), with an average rent of INR 78psf / month. Out of 0.45msf, 84.6% of area was leased to existing tenants. Mindspace achieved re-leasing spread of 17.1% on 0.4msf of area. Committed occupancy declined to 86.1% (86.5% in Dec'23) majorly due to c. 0.22msf of expiries at Pocharam. The scheduled & early expiries for FY24E have increased by 0.6msf to 3.0msf (1.8msf in SEZ) of which 2.0msf has expired in 9MFY24. However, Mindspace has already re-leased 1.2msf (majorly in non-SEZ areas). Going forward, expiries in 4QFY24E / FY25E are at comfortable levels with 1.0msf / 0.8msf expiring, contributing 3.1% / 3.2% of annual rentals.
- Robust development pipeline:** Mindspace has a development pipeline of 4.4msf and c. 1.5msf of leasable area is set to become operational in FY25E. Major additions will happen at Commerzone Kharadi (1.0msf of leasable area by 3QFY25E), data centre at Airoli West (0.3msf by 4QFY25E) and an experience centre at Madhapur (0.13msf by 3QFY25E). Mindspace has also received requisite approvals to acquire 42k sqft of leasable area at Commerzone Yerwada for INR 410mn (INR 9,761psf; 13% discount to fair value).
- We maintain 'BUY' with a Mar'25 TP of INR 370:** We maintain 'BUY' and roll forward to a Mar'25 TP of INR 370 (total return potential of 22.4%; 6.8% dividend and 15.6% capital appreciation). At CMP, the stock trades at 6.3% / 6.8% FY24E / FY25E yield.

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	370
Upside/(Downside)	15.9%
Previous Price Target	345
Change	7.2%

Key Data – MINDSPACE IN

Current Market Price	INR319
Market cap (bn)	INR189.3/US\$2.3
Free Float	25%
Shares in issue (mn)	593.0
Diluted share (mn)	593.0
3-mon avg daily val (mn)	INR55.0/US\$0.7
52-week range	364/285
Sensex/Nifty	71,140/21,522
INR/US\$	83.1

Price Performance

%	1M	6M	12M
Absolute	-1.3	4.0	-3.0
Relative*	0.3	-3.3	-18.9

* To the BSE Sensex

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Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

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Financial Summary					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	17,501	22,821	22,865	25,049	27,742
Sales Growth (%)	53.8	30.4	0.2	9.5	10.8
EBITDA	13,649	15,376	17,123	18,999	21,069
EBITDA Margin (%)	78.0	67.4	74.9	75.8	75.9
Adjusted Net Profit	5,082	4,204	5,656	6,838	7,981
Diluted EPS (INR)	8.6	7.1	9.5	11.5	13.5
Diluted EPS Growth (%)	51.7	-17.3	34.5	20.9	16.7
ROIC (%)	3.1	2.9	4.2	5.0	5.7
ROE (%)	3.2	2.8	3.9	4.9	6.0
P/E (x)	37.2	45.0	33.4	27.7	23.7
P/B (x)	1.2	1.3	1.3	1.4	1.5
EV/EBITDA (x)	17.7	16.2	15.2	14.2	13.2
Dividend Yield (%)	5.8	6.0	6.3	6.8	7.1

Source: Company data, JM Financial. Note: Valuations as of 30/Jan/2024

- **Distributions:** In 3QFY24, Mindspace declared distribution of INR 2,846mn / INR 4.80 p.u., comprising i) INR 4.29 p.u. as dividend (89.4%; tax free), ii) INR 0.5 p.u. as interest (c. 10.4%) and iii) INR 0.01 p.u. as other income (0.2%). As of 9MFY24, Mindspace has declared distributions of INR 8,591mn / INR 14.4 p.u.
- **Key conference call highlights:**
 - Distribution has not grown YoY despite NOI growing 4% during the same period, as it was lost to increased interest cost. Also, Mindspace has not taken any debt support for its distribution.
 - The recent SEZ reform is a big boost for Mindspace given 85% of their total vacancy lies in SEZ areas. The company has already started applying for floor-wise denotification with c. 0.4msf at one of its Airoli assets.
 - Presently, Mindspace has 3.6msf of vacant area out of which c. 3.0msf is attributable to SEZ area. The company is likely to lease out this vacant SEZ area in the next 2-2.5 years.
 - Pocharam asset has been a drag on Mindspace's portfolio and it is hopeful to get the asset monetised in the next 1-2 quarters now that the company has received the board's approval

Exhibit 1. Financial snapshot

INR mn unless specified	3QFY24	3QFY23	YoY(%)	2QFY24	QoQ(%)	9MFY23	9MFY24	YoY(%)
Net Sales	6,001	5,558	8%	6,293	-5%	17,160	18,192	6%
Cost of Sales	287	349	-18%	420	-32%	2,559	1,195	-53%
Gross Margin (%)	95%	94%	150bps	93%	189bps	85%	93%	834bps
Employee Expenses	75	80	-6%	76	-1%	220	229	4%
Other Expenses	1,217	1,098	11%	1,283	-5%	3,053	3,591	18%
EBITDA	4,422	4,031	10%	4,514	-2%	11,328	13,177	16%
EBITDA Margin (%)	73.7%	72.5%	116bps	71.7%	196bps	66.0%	72.4%	642bps
Depreciation	979	925	6%	975	0%	2,634	2,887	10%
Interest Costs	1,161	905	28%	1,150	1%	2,454	3,377	38%
Other Income	107	46	133%	110	-3%	164	336	105%
Exceptional Items	-38	45	NM	-48	NM	169	-104	NM
PBT (incl extraordinary items)	2,351	2,292	3%	2,451	-4%	6,573	7,145	9%
Tax	883	1,027	-14%	946	-7%	3,150	2,803	-11%
PAT	1,468	1,265	16%	1,505	-2%	3,423	4,342	27%
Minority Interest	90	106	-15%	93	-3%	296	277	-6%
PAT after Minority	1,378	1,159	19%	1,412	-2%	3,127	4,065	30%
NDCF	2,872	2,855	1%	2,864	0%	8,494	8,591	1%

Source: Company, JM Financial

Exhibit 2. Asset revenue and NOI

Asset Revenue (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY	QoQ
Mindspace Airoli (E)	948	918	945	974	970	947	982	4%	4%
Mindspace Airoli (W)	565	625	681	681	842	867	869	28%	0%
Mindspace Malad	200	220	221	231	233	241	247	12%	2%
Square BKC	117	100	291	116	106	108	108	-63%	0%
Mumbai Region	1,830	1,863	2,138	2,001	2,151	2,163	2,206	3%	2%
Gera Commerzone Kharadi	405	397	420	431	500	593	566	35%	-5%
The Square Nagar Road	152	140	210	198	214	199	219	4%	10%
Commerzone Yerwada	433	438	465	477	490	520	520	12%	0%
Pune	990	975	1,095	1,106	1,204	1,312	1,305	19%	-1%
Mindspace Madhapur	2,006	2,039	2,112	2,157	2,138	2,305	2,200	4%	-5%
Mindspace Pocharam	22	17	20	21	23	21	20	0%	-5%
Hyderabad	2,028	2,056	2,132	2,178	2,161	2,326	2,220	4%	-5%
Others	70	80	75	76	87	197	232	209%	18%
Total	4,918	4,974	5,440	5,361	5,603	5,998	5,963	10%	-1%
Asset NOI (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY	QoQ
Mindspace Airoli (E)	708	693	717	723	721	716	745	4%	4%
Mindspace Airoli (W)	402	434	497	472	627	636	640	29%	1%
Mindspace Malad	176	195	196	203	207	210	219	12%	4%
Square BKC	113	96	284	108	100	99	104	-63%	5%
Mumbai Region	1,400	1,418	1,695	1,506	1,654	1,661	1,709	1%	3%
Gera Commerzone Kharadi	302	371	290	362	408	456	311	7%	-32%
The Square Nagar Road	113	103	167	157	171	148	167	0%	13%
Commerzone Yerwada	339	351	370	361	387	404	402	9%	0%
Pune	756	825	827	880	965	1,009	880	6%	-13%
Mindspace Madhapur	1,740	1,780	1,832	1,840	1,821	1,968	1,843	1%	-6%
Mindspace Pocharam	11	13	11	12	11	13	12	9%	-8%
Hyderabad	1,751	1,793	1,843	1,852	1,833	1,981	1,855	1%	-6%
Others	109	136	186	127	118	261	287	54%	10%
Total	4,014	4,172	4,551	4,364	4,570	4,912	4,731	4%	-4%

Source: Company, JM Financial

Exhibit 3. Portfolio summary

Asset	Total Leasable Area (msf)	Completed Area (msf)	Committed Occupancy (%)	Occupancy (%)	WALE (years)	In-place Rent (INR psf pm)
Mindspace Airoli East	6.4	4.7	80.4%	79.9%	4.3	60.6
Mindspace Airoli West	5.2	4.9	72.6%	72.0%	8.5	59.4
Mindspace Malad	0.8	0.8	98.0%	98.0%	3.1	99.4
The Square BKC	0.1	0.1	100.0%	100.0%	2.9	240.0
Mumbai Region	12.5	10.5	78.3%	77.8%	6.0	66.8
Gera Commerzone Kharadi	2.9	1.9	100.0%	100.0%	8.8	79.8
The Square Nagar Road	0.8	0.8	100.0%	100.0%	4.6	76.8
Commerzone Yerwada	1.7	1.7	96.1%	96.1%	4.3	74.8
Pune	5.4	4.4	98.5%	98.5%	6.4	77.4
Mindspace Madhapur	13.1	9.6	94.8%	92.3%	7.7	65.3
Mindspace Pocharam	1.0	0.6	0.0%	0.0%	0.0	-
Hyderabad	14.1	10.1	89.5%	87.1%	7.7	65.3
Commerzone Porur	1.1	1.1	80.1%	80.1%	8.4	59.7
Chennai	1.1	1.1	80.1%	80.1%	8.4	59.7
Portfolio Total	33.1	26.2	86.1%	85.0%	6.8	68.0

Source: Company, JM Financial

Exhibit 4. Total leasable area; c. 0.8msf added at Airoli East

Total Leasable Area (msf)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Mindspace Airoli East	6.8	6.8	6.8	6.8	6.8	6.8	6.8	5.6	5.6	5.6	6.4
Mindspace Airoli West	5.1	5.1	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Mindspace Malad	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8
The Square BKC	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Mumbai Region	12.8	12.8	12.8	12.9	12.9	12.9	12.9	11.7	11.7	11.7	12.5
Gera Commerzone Kharadi	2.6	2.6	2.5	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
The Square Nagar Road	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Commerzone Yerwada	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Pune	5.0	5.0	5.0	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Mindspace Madhapur	11.6	11.6	11.6	11.7	11.7	11.8	11.8	13.1	13.1	13.1	13.1
Mindspace Pocharam	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Hyderabad	12.6	12.6	12.6	12.7	12.7	12.8	12.8	14.1	14.1	14.1	14.1
Commerzone Porur	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.1	1.1
Chennai	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.1	1.1
Portfolio Total	31.2	31.3	31.3	31.8	31.8	32.0	32.0	32.1	32.1	32.3	33.1

Source: Company, JM Financial

Exhibit 5. Total completed area

Completed Area (msf)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Mindspace Airoli East	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Mindspace Airoli West	3.6	3.7	3.9	3.9	3.9	4.3	4.7	4.9	4.9	4.9	4.9
Mindspace Malad	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8
The Square BKC	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Mumbai Region	9.1	9.3	9.5	9.5	9.5	9.9	10.3	10.5	10.5	10.5	10.5
Gera Commerzone Kharadi	1.3	1.3	1.3	1.3	1.5	1.5	1.6	1.9	1.9	1.9	1.9
The Square Nagar Road	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8
Commerzone Yerwada	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Pune	3.7	3.7	3.6	3.6	3.8	3.9	4.0	4.3	4.3	4.4	4.4
Mindspace Madhapur	9.8	9.8	9.8	9.9	9.9	9.9	9.9	9.5	9.6	9.6	9.6
Mindspace Pocharam	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.6	0.6	0.6	0.6
Hyderabad	10.2	10.2	10.2	10.2	10.3	10.3	10.5	10.1	10.1	10.1	10.1
Commerzone Porur	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.1	1.1
Chennai	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.1	1.1
Portfolio Total	23.8	23.9	24.2	24.2	24.4	24.9	25.6	25.8	25.9	26.1	26.2

Source: Company, JM Financial

Exhibit 6. Committed occupancy declined to 86.1% led by Pocharam expiries

Committed Occupancy (%)	1QFY22	2QFY22	Q3FY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Mindspace Airoli East	89.1%	88.1%	86.8%	86.3%	88.3%	88.2%	88.3%	88.3%	86.4%	82.7%	80.4%
Mindspace Airoli West	68.6%	66.8%	67.3%	66.0%	67.2%	68.7%	69.6%	70.7%	72.6%	72.6%	72.6%
Mindspace Malad	94.0%	93.6%	93.6%	93.6%	93.6%	94.9%	94.8%	97.9%	97.5%	98.0%	98.0%
The Square BKC	27.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mumbai Region	80.6%	80.3%	79.5%	78.7%	78.7%	80.3%	80.3%	80.9%	80.9%	79.3%	78.3%
Gera Commerzone Kharadi	93.1%	93.1%	97.7%	97.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
The Square Nagar Road	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	87.7%	100.0%	100.0%
Commerzone Yerwada	98.4%	97.4%	97.4%	97.4%	98.4%	98.4%	98.4%	99.9%	98.6%	99.9%	96.1%
Pune	96.8%	96.4%	98.0%	98.0%	98.0%	99.3%	99.3%	100.0%	97.3%	100.0%	98.5%
Mindspace Madhapur	90.1%	91.2%	89.6%	89.6%	90.6%	92.2%	94.5%	95.4%	95.8%	91.9%	94.8%
Mindspace Pocharam	71.1%	71.1%	71.1%	56.7%	56.7%	56.7%	37.5%	37.5%	37.5%	37.5%	0.0%
Hyderabad	89.4%	90.5%	88.9%	88.4%	88.4%	90.9%	90.9%	92.1%	92.5%	88.9%	89.5%
Commerzone Porur	8.3%	16.8%	30.3%	36.5%	36.5%	59.5%	93.5%	93.5%	96.8%	80.1%	80.1%
Chennai	8.3%	16.8%	30.3%	36.5%	36.5%	59.5%	93.5%	93.5%	96.8%	80.1%	80.1%
Portfolio Total	84.4%	84.9%	84.6%	84.3%	85.6%	86.9%	88.3%	89.0%	88.8%	86.5%	86.1%

Source: Company, JM Financial

Exhibit 7. Physical occupancy

Occupancy (%)	1QFY22	2QFY22	Q3FY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Mindspace Airoli East	89.1%	88.1%	85.8%	86.3%	86.3%	86.3%	88.3%	88.3%	86.4%	82.7%	79.9%
Mindspace Airoli West	63.8%	63.0%	60.1%	57.4%	57.5%	58.9%	61.7%	70.0%	70.0%	70.1%	72.0%
Mindspace Malad	94.0%	93.6%	93.6%	93.6%	93.6%	94.9%	94.8%	97.9%	97.5%	98.0%	98.0%
The Square BKC	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mumbai Region	78.4%	77.2%	74.4%	75.1%	75.1%	75.2%	75.2%	80.6%	79.7%	78.1%	77.8%
Gera Commerzone Kharadi	93.1%	93.1%	95.0%	97.3%	84.5%	99.9%	96.6%	86.7%	100.0%	100.0%	100.0%
The Square Nagar Road	73.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	87.7%	87.0%	100.0%
Commerzone Yerwada	98.4%	97.4%	97.4%	97.4%	98.3%	98.4%	98.4%	98.4%	97.7%	99.1%	96.1%
Pune	91.7%	96.4%	97.1%	97.9%	97.9%	99.3%	99.3%	93.5%	97.0%	97.4%	98.5%
Mindspace Madhapur	84.2%	86.3%	89.6%	88.4%	89.0%	89.4%	92.2%	89.1%	94.9%	87.7%	92.3%
Mindspace Pocharam	71.1%	71.1%	71.1%	56.7%	56.7%	56.7%	37.5%	37.5%	37.5%	37.5%	0.0%
Hyderabad	83.7%	85.7%	88.9%	87.3%	87.3%	88.2%	88.2%	86.2%	91.6%	84.9%	87.1%
Commerzone Porur	8.3%	8.3%	16.8%	30.3%	36.5%	33.8%	33.4%	33.4%	68.3%	75.5%	80.1%
Chennai	8.3%	8.3%	16.8%	30.3%	36.5%	33.8%	33.4%	33.4%	68.3%	75.5%	80.1%
Portfolio Total	80.3%	81.5%	82.0%	82.2%	82.1%	82.8%	83.7%	83.4%	86.9%	83.8%	85.0%

Source: Company, JM Financial

Exhibit 8. Steady WALE

WALE (years)	1QFY22	2QFY22	Q3FY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Mindspace Airoli East	5.2	5.2	5.4	5.2	5.1	5.2	5.0	4.6	4.4	4.2	4.3
Mindspace Airoli West	6.4	6.6	6.6	6.5	6.2	6.8	9.5	9.7	9.4	9.2	8.5
Mindspace Malad	3.5	3.3	3.0	3.4	3.7	3.5	3.3	3.2	3.0	3.4	3.1
The Square BKC	-	-	-	4.7	4.4	4.2	3.9	3.7	3.4	3.2	2.9
Mumbai Region	5.5	5.5	5.5	5.5	5.5	5.6	5.6	6.5	6.3	6.2	6.0
Gera Commerzone Kharadi	10.8	10.5	10.3	9.9	9.6	10.0	9.8	9.4	9.3	9.1	8.8
The Square Nagar Road	5.3	6.3	6.2	5.9	5.7	5.4	5.3	4.6	4.9	4.7	4.6
Commerzone Yerwada	5.0	4.9	4.7	4.6	4.3	4.1	4.7	4.5	4.3	4.1	4.3
Pune	7.1	7.1	6.9	6.7	6.7	6.6	6.6	6.5	6.7	6.5	6.4
Mindspace Madhapur	7.5	7.6	8.2	8.2	8.2	8.0	7.6	7.6	7.4	7.7	7.7
Mindspace Pocharam	1.5	3.4	2.4	2.7	2.5	2.3	2.0	1.8	0.2	0.3	0.0
Hyderabad	7.3	7.5	8.0	8.0	8.0	7.9	7.9	7.5	7.3	7.5	7.7
Commerzone Porur	8.3	8.1	7.3	10.5	10.0	9.8	9.5	9.3	9.4	8.7	8.4
Chennai	8.3	8.1	7.3	10.5	10.0	9.8	9.5	9.3	9.4	8.7	8.4
Portfolio Total	6.6	6.7	6.9	6.9	6.8	6.8	7.0	7.0	6.9	6.9	6.8

Source: Company, JM Financial

Exhibit 9. In-place rent grew 5% YoY

In-place Rent (INR psf pm)	1QFY22	2QFY22	Q3 FY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY	QoQ
Mindspace Airoli East	52.6	53.1	53.6	53.7	54.3	54.4	55.4	57.3	57.9	58.9	60.6	9%	3%
Mindspace Airoli West	56.8	57.1	57.3	57.7	57.8	57.6	62.6	58.4	58.6	59.0	59.4	-5%	1%
Mindspace Malad	91.4	91.9	92.3	92.5	92.8	93.7	94.2	94.2	100.5	99.3	99.4	6%	0%
The Square BKC	-	-	-	240.0	240.0	240.0	240.0	240.0	240.0	240.0	240.0	0%	0.0
Mumbai Region	57.6	58.1	58.6	62.5	62.5	62.8	62.8	64.0	65.0	62.8	66.8	6%	6%
Gera Commerzone Kharadi	71.0	71.5	71.5	72.2	72.2	72.5	73.2	77.3	79.4	79.7	79.8	9%	0%
The Square Nagar Road	61.3	66.8	68.6	70.0	71.1	71.1	72.9	74.2	75.4	75.4	76.8	5%	2%
Commerzone Yerwada	60.2	61.8	63.2	64.0	64.1	65.6	67.8	71.7	71.2	71.9	74.8	10%	4%
Pune	64.2	66.1	67.1	68.0	68.0	69.2	69.2	74.5	75.6	76.0	77.4	12%	2%
Mindspace Madhapur	54.9	55.6	57.2	59.3	60.6	61.4	62.6	63.1	64.2	65.7	65.3	4%	-1%
Mindspace Pocharam	21.3	22.7	22.7	22.2	22.2	22.2	22.2	22.2	22.2	22.2	-	-100%	-100%
Hyderabad	53.9	54.6	56.1	58.4	58.4	60.5	60.5	62.1	63.2	64.6	65.3	8%	1%
Commerzone Porur	64.0	64.0	64.0	64.0	64.4	64.4	64.4	64.4	64.3	59.6	59.7	-7%	0%
Chennai	64.0	64.0	64.0	64.0	64.4	64.4	64.4	64.4	64.3	59.6	59.7	-7%	0%
Portfolio Total	57.1	58.0	59.0	61.7	62.4	63.0	64.5	65.2	66.2	67.0	68.0	5%	1%

Source: Company, JM Financial

Exhibit 10. NDCF walkdown

Particulars (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Revenue from Operations	4,916	6,810	5,603	5,639	5,880	6,213	5,963
Property Taxes & Insurance	-153	-163	-169	-168	-192	-184	-207
Other Direct Operating Expenses	-749	-2,475	-883	-1,108	-1,118	-1,119	-1,025
Net Operating Income (NOI)	4,014	4,172	4,551	4,364	4,570	4,912	4,731
Property Management Fees	-118	-119	-133	-128	-135	-139	-116
Net Other Expenses	-98	-221	-253	-143	-92	-192	-140
EBITDA	3,798	3,832	4,165	4,092	4,343	4,579	4,475
Cash Taxes (Net of Refunds)	-433	-413	-471	-402	-326	-502	-663
Working Capital changes and other changes*	-184	-543	880	203	138	-585	216
Cashflow from Operations	3,182	2,876	4,575	3,894	4,155	3,493	4,028
Capex including capitalized Interest	-1,874	-1,313	-2,979	-2,349	-2,589	-3,332	-3,144
Net Debt (repayment) / drawdown	2,031	1,573	1,817	2,617	2,463	3,836	3,462
Proceeds from sale of Pocharam Land	300	450	450	0	0	0	0
Proceeds temporarily utilised to repay debt / invested	5,586	0	0	0	0	0	0
Liquidation of fixed deposits being surplus cash	0	0	0	0	0	0	200
Finance Costs paid for the period (excluding interest to REIT)	-429	-494	-528	-583	-488	-441	-409
Proceeds to shareholders other than Mindspace REIT	-178	-178	-198	-246	-220	-176	-171
NDCF (SPV Level)	8,618	2,914	3,136	3,332	3,322	3,380	3,966
Net Distributions from SPV to REIT	3,015	3,072	3,175	3,241	3,306	3,372	4,003
Net Debt (repayment) / drawdown	0	0	0	0	0	0	-554
Other Inflows / (Outflows) at REIT Level	-198	-251	-321	-381	-442	-518	-577
NDCF (REIT Level)	2,818	2,821	2,855	2,860	2,864	2,855	2,872
Distributions	2,811	2,817	2,846	2,852	2,846	2,841	2,846
Dividend	2,615	2,592	2,591	2,591	2,568	2,550	2,544
Interest	190	213	255	255	272	291	297
Other Income	6	12	0	6	6	0	6
Distributions	4.7	4.8	4.8	4.8	4.8	4.8	4.8
Dividend	4.4	4.4	4.4	4.4	4.3	4.3	4.3
Interest	0.3	0.4	0.4	0.4	0.5	0.5	0.5
Other Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Note: * Working Capital includes Net Fitout Capex of INR 107mn and negative INR 251mn pertaining to works contract; adjusted for the above, Working capital would have been INR 109mn and Capex would have been INR 3,037mn

Exhibit 11. Mar'25 TP	
Mar'25 TP (INR mn unless specified)	
Enterprise Value	292,885
Less: Net debt	73,684
Equity Value	219,201
Shares Outstanding (mn)	593
Target Price (INR)	370
CMP (INR)	320
Upside (%)	16%

Source: Company, JM Financial

Exhibit 12. Total returns	
Total Return till Sep'24	(%)
Capital Appreciation	15.6%
Dividend Received	6.8%
Total	22.4%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	17,501	22,821	22,865	25,049	27,742	
Sales Growth	53.8%	30.4%	0.2%	9.5%	10.8%	
Other Operating Income	0	0	0	0	0	
Total Revenue	17,501	22,821	22,865	25,049	27,742	
Cost of Goods Sold/Op. Exp	450	3,013	849	866	883	
Personnel Cost	226	285	299	314	330	
Other Expenses	3,176	4,147	4,595	4,870	5,461	
EBITDA	13,649	15,376	17,123	18,999	21,069	
EBITDA Margin	78.0%	67.4%	74.9%	75.8%	75.9%	
EBITDA Growth	64.8%	12.7%	11.4%	11.0%	10.9%	
Depn. & Amort.	3,289	3,554	3,823	3,978	4,086	
EBIT	10,360	11,822	13,299	15,021	16,983	
Other Income	164	361	220	220	220	
Finance Cost	2,537	3,431	4,269	5,043	5,731	
PBT before Excep. & Forex	7,987	8,752	9,250	10,198	11,472	
Excep. & Forex Inc./Loss(-)	-843	0	0	0	0	
PBT	7,144	8,752	9,250	10,198	11,472	
Taxes	2,670	4,299	3,167	2,939	3,074	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	235	249	427	421	418	
Reported Net Profit	4,239	4,204	5,656	6,838	7,981	
Adjusted Net Profit	5,082	4,204	5,656	6,838	7,981	
Net Margin	29.0%	18.4%	24.7%	27.3%	28.8%	
Diluted Share Cap. (mn)	593.0	593.0	593.0	593.0	593.0	
Diluted EPS (INR)	8.6	7.1	9.5	11.5	13.5	
Diluted EPS Growth	51.7%	-17.3%	34.5%	20.9%	16.7%	
Total Dividend + Tax	10,942	11,326	11,882	12,876	13,398	
Dividend Per Share (INR)	18.5	19.1	20.0	21.7	22.6	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	7,987	8,752	9,250	10,198	11,472	
Depn. & Amort.	3,289	3,554	3,823	3,978	4,086	
Net Interest Exp. / Inc. (-)	2,609	3,384	4,049	4,823	5,511	
Inc (-) / Dec in WCcap.	-500	-207	1,207	804	-129	
Others	856	1,551	0	0	0	
Taxes Paid	-1,780	-1,736	-3,167	-2,939	-3,074	
Operating Cash Flow	12,461	15,298	15,162	16,864	17,866	
Capex	-4,547	-7,666	-10,645	-9,745	-6,734	
Free Cash Flow	7,914	7,632	4,517	7,119	11,133	
Inc (-) / Dec in Investments	0	0	0	0	0	
Others	0	0	0	0	0	
Investing Cash Flow	-4,547	-7,666	-10,645	-9,745	-6,734	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-11,892	-12,009	-12,384	-13,370	-13,894	
Inc / Dec (-) in Loans	6,509	11,331	12,248	12,745	8,734	
Others	-2,160	-3,885	-4,049	-4,823	-5,511	
Financing Cash Flow	-7,543	-4,563	-4,185	-5,447	-10,672	
Inc / Dec (-) in Cash	371	3,069	333	1,671	461	
Opening Cash Balance	1,465	982	2,843	3,174	4,844	
Closing Cash Balance	982	2,843	3,174	4,844	5,303	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	156,205	147,827	141,601	135,562	130,145	
Share Capital	0	0	0	0	0	
Reserves & Surplus	156,205	147,827	141,601	135,562	130,145	
Preference Share Capital	0	0	0	0	0	
Minority Interest	8,507	7,955	7,880	7,807	7,728	
Total Loans	44,480	54,535	65,783	78,529	87,262	
Def. Tax Liab. / Assets (-)	-382	2,021	-497	-521	-548	
Total - Equity & Liab.	208,810	212,338	214,768	221,377	224,589	
Net Fixed Assets	212,230	214,308	221,130	226,897	229,545	
Gross Fixed Assets	212,166	223,427	240,366	250,111	256,845	
Intangible Assets	1	1	1	1	1	
Less: Depn. & Amort.	13,433	16,987	20,810	24,789	28,874	
Capital WIP	13,496	7,867	1,573	1,573	1,573	
Investments	23	29	30	32	34	
Current Assets	10,231	12,421	13,231	15,404	16,391	
Inventories	26	72	76	79	83	
Sundry Debtors	210	572	601	631	662	
Cash & Bank Balances	982	2,843	3,174	4,844	5,303	
Loans & Advances	0	0	0	0	0	
Other Current Assets	9,013	8,934	9,381	9,850	10,342	
Current Liab. & Prov.	13,674	14,420	19,623	20,956	21,381	
Current Liabilities	5,709	5,525	5,801	6,091	6,396	
Provisions & Others	7,965	8,895	13,822	14,864	14,985	
Net Current Assets	-3,443	-1,999	-6,392	-5,552	-4,990	
Total - Assets	208,810	212,338	214,768	221,377	224,589	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Margin	29.0%	18.4%	24.7%	27.3%	28.8%	
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	
Leverage Factor (x)	1.3	1.4	1.5	1.6	1.7	
RoE	3.2%	2.8%	3.9%	4.9%	6.0%	

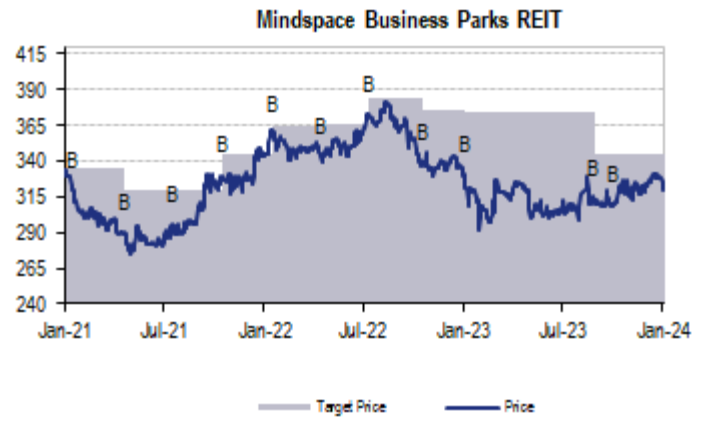
Key Ratios						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
BV/Share (INR)	263.4	249.3	238.8	228.6	219.5	
ROIC	3.1%	2.9%	4.2%	5.0%	5.7%	
ROE	3.2%	2.8%	3.9%	4.9%	6.0%	
Net Debt/Equity (x)	0.3	0.3	0.4	0.5	0.6	
P/E (x)	37.2	45.0	33.4	27.7	23.7	
P/B (x)	1.2	1.3	1.3	1.4	1.5	
EV/EBITDA (x)	17.7	16.2	15.2	14.2	13.2	
EV/Sales (x)	13.8	10.9	11.4	10.8	10.1	
Debtor days	4	9	10	9	9	
Inventory days	1	1	1	1	1	
Creditor days	67	35	47	47	45	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Sep-20	Buy	335	
13-Nov-20	Buy	335	0.0
12-Feb-21	Buy	335	0.2
18-May-21	Buy	320	-4.5
16-Aug-21	Buy	320	-0.1
16-Nov-21	Buy	345	7.6
14-Feb-22	Buy	365	5.8
15-May-22	Buy	365	0.2
11-Aug-22	Buy	385	5.3
15-Nov-22	Buy	375	-2.5
31-Jan-23	Buy	375	0.0
24-Sep-23	Buy	345	-8.0
31-Oct-23	Buy	345	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chery, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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